GOVERNMENT OF INDIA
COMMUNICATIONS AND INFORMATION TECHNOLOGY
LOK SABHA

UNSTARRED QUESTION NO:3393
ANSWERED ON:11.12.2002
MANUFACTURING OF HAND SETS OR CELLULAR PHONE
NITISH SENGUPTA

Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

(a) whether it is a fact that no company foreign or domestic, has shown interest in establishing manufacturing facilities for hand-sets or cellular phones in the country;

(b) if so, the reasons therefor; and

(c) what is Government`s long term view on this aspect?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (SMT. SU MAHAJAN)

(a) to (c): Manufacturing of telecom equipment including handsets or cellular phones has been de-licensed, and therefore, companies are free to set up manufacturing units for the same. Furthermore, 100% Foreign Direct Investment (FDI) is allowed in this sector on automatic basis. Therefore, foreign or domestic companies do not require any approval form the Government for establishing manufacturing facilities for handsets or cellular phones in the country.

Manufacture of handsets/ cellular phones requires high volume for economical viable capacities. The increased demand of the mobile phones is expected to encourage both foreign and domestic companies to set up manufacturing base in India. However, as it is a de-licensed sector, market forces will decide setting up of such facilities in the country.